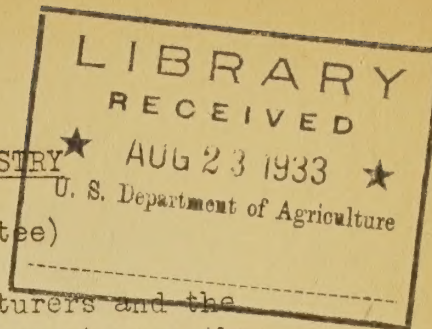


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PROPOSED MARKETING AGREEMENT OF THE BUTTER INDUSTRY
UNDER THE AGRICULTURAL ADJUSTMENT ACT
(As filed by the Butter Industry Planning Committee)



The American Association of Creamery Butter Manufacturers and the National Cooperative Milk Producers' Federation, which represent more than a majority of the Butter Industry, appointed a Committee of ten persons to draft a marketing agreement under the Agricultural Adjustment Act. The following plan and agreement is respectfully submitted for hearing.

INTRODUCTION

The Butter Manufacturing Industry, with a view of carrying out the declared object and purposes of the new Farm Relief Act - namely, to relieve the existing national economic emergency by increasing agricultural purchasing power - present the attached plan for the procurement of butterfat and the marketing of butter by that industry.

The evils within the industry, which the plan is designed to correct, are:

1. Frequent and violent fluctuations in the butter market, as illustrated by the graphs attached to this plan.
2. Sales evils, such as unfair price discriminations, secret rebates, free deals, etc., enumerated in the attached code covering sales practices.
3. Unfair competition in the procurement of butterfat, the majority of which evils are enumerated in the attached code covering procurement practices.

We respectfully direct the attention of the Department of Agriculture to the fact that it would be unfair and impractical:

1. To discriminate in the application of rules to a situation or transaction whether carried on either interstate or intrastate.
2. To make a distinction in the application of any adopted rules to any given situation or case as between individuals, co-partnerships, associations, or corporations. The observance of the terms or provisions of rules and regulations should be imposed alike and without discrimination upon all classes of persons or organizations engaged in the business contemplated to be regulated.

THE PLAN

APPOINTMENT AND DUTIES OF NATIONAL COMMITTEE

The Manufacturers shall appoint a National Committee of ten members, representative of the Industry, five to be appointed by the American Association Creamery Butter Manufacturers and five by the National Cooperative Milk Producers' Federation, to be known as the National Butter Board. Each of the above named associations shall appoint five (5) alternates. In case of a vacancy in the Butter Board, such vacancy shall be filled by the above named association which made the appointment in the first instance subject to the approval of the Secretary of Agriculture. The appointment of each member of the Committee shall be subject to the approval of the Secretary of Agriculture.

The Planning Committee is of the opinion that the day to day market as made on the exchanges has been unsatisfactory and not in the best interests of the producer, manufacturer and consumer. This Committee believes that a weekly committee market is advisable in order to carry out and accomplish the purpose and object of the law. However, representatives of the exchanges have made representations that they will change existing exchange rules, practices and procedures, so as to correct existing evils. In view of the representations that such changes and modifications would correct existing evils, the Committee recommends that the plan suggested by the exchanges be given a reasonable trial.

RELATED PROBLEMS

This plan does not attempt to solve all the problems involved in putting into effect the declared policy of the law and the restoration of normal economic conditions in the marketing of butter.

The price at which butter can be marketed depends upon supply and demand. It is obvious, therefore, that any lands withdrawn from production of other commodities cannot be used in dairying without affecting unfavorably the prices of dairy products, especially butter.

It is also obvious that in the making of markets for other milk products and butter there must be constant consideration given to proper correlation of the prices made and no favoritism shown one type of milk product at the expense of some other.

Increased consumption is materially aided by efficient distribution and observance of proper trade practices in the industry. It is believed that every effort should be made to increase prices by means of marketing agreements along the lines here suggested, supplemented by a clear-cut code of fair trade practices to be vigorously enforced by the members of the Industry with the assistance of the Secretary of Agriculture.

Furthermore, certain unfair practices in the retailing of butter should be eliminated. These practices consist, among others, in the use of butter by many retailers as a so-called "loss leader" which means that

the butter is marketed either at cost or at a loss for advertising purposes or to attract trade, and also by the use of butter in combination sales with other commodities where either the butter or the other commodities are sold at cost or below for the same purpose. Doubtless, these closely related problems will receive the attention of the Secretary.

The Producers of butterfat and other oils and fats in the United States are entitled to the preservation of the domestic market for their products. It is, therefore, imperative that some action should be taken to levy an adequate tax on foreign oils and fats which are being imported into this country in large quantities. The Butter Board shall use its best endeavor to accomplish this end.

PROPOSED MARKETING AGREEMENT FOR THE
BUTTER INDUSTRY

THIS AGREEMENT entered into by and between the Secretary of Agriculture of the United States of America, and such persons, firms and corporations engaged in the manufacture of butter who execute this agreement,
WITNESSETH THAT

WHEREAS, Congress by the Agricultural Adjustment Act approved May 12, 1933, as amended, has declared that a national economic emergency exists due to the disparity between the price of agricultural and other commodities, and

WHEREAS, the parties hereto wish to enter into a marketing agreement pursuant to Section 8, (2) of said Act, to encourage and aid the orderly marketing of butter, and to effectuate the declared policy of the Act to readjust prices to producers of butterfat and butter, and

WHEREAS, the marketing of butterfat and butter and the distribution thereof affect and enter into both the current of interstate commerce and current of intrastate commerce which are inextricably intermingled; and

NOW THEREFORE, in consideration of the premises and of the mutual promises herein contained the parties hereto agree:

I. As used in this agreement, the following words and phrases shall be defined as follows:

- (1) "Secretary" means the Secretary or Acting Secretary of Agriculture.
- (2) "Act" means the Agricultural Adjustment Act approved May 12, 1933, as amended.
- (3) "Manufacturer" and "Manufacturers" means individually and collectively, as the case may be, such manufacturers of butter as may become parties signatory to this agreement.

- (4) "Butter Board" means the committee provided for in Section II of this agreement.
- (5) "Retail Trade" means all distributors who sell to or directly supply individual or household consumers.
- (6) "Butterfat" means the fat of milk or cream.
- (7) "Butter" means the food product known as butter, and which is made exclusively from milk or cream or both, with or without common salt, and with or without additional coloring matter, and containing not less than 80 percentum by weight of milk fat, all tolerance having been allowed for. (Act of Congress, March 4, 1923).
- (8) "Producer" means the producer of milk and/or, cream.
- (9) "Exchanges" mean the butter exchanges and similar organizations established for the purpose of furnishing a convenient meeting place, for members of these organizations, to buy and sell butter, eggs, cheese and other farm produce by open bids and offers.

II. For the purpose of administering this agreement a National Butter Board consisting of ten members shall be chosen as follows:

Five members to be chosen by the American Association of Creamery Butter Manufacturers and five members to be chosen by the National Cooperative Milk Producers Federation. Each of the aforesaid associations shall also choose five alternates. Each member of the Butter Board shall have an alternate who shall act with the full authority of such member of the Butter Board in his absence. In case of a vacancy in the Butter Board, such vacancy shall be filled by the above named association which originally made the appointment.

III. The name of any person nominated to the Butter Board either as a member or an alternate as provided in Section II of this agreement shall be filed with the Secretary within five days after such nomination. Such a person shall then become a member or alternate as the case may be unless disapproved by the Secretary within ten days from date of filing.

IV. The functions and duties of the Butter Board shall be as follows:

- (1) To promulgate from time to time, and as often as necessary, such rules, regulations, practices and policies as in the opinion of said Board are necessary for putting into effect the declared duties of said Board and for carrying out the purposes of the aforesaid Act and the elimination of unfair practices in the industry. Provided that any recommended changes in the text or meaning

of this agreement or of schedule A or Schedule B or any amendments to the agreement or to Schedule A or Schedule B shall be filed with the Secretary. If after ten days the Secretary shall not have disapproved such changes or amendments they shall become effective.

- (2) To study the butter exchanges and similar organizations and to suggest to the Exchanges the elimination of any objectionable rules, practices and procedures which, in its opinion, interfere or tend to interfere with an orderly market and stabilized butter prices. If in the opinion of the Butter Board there are unwarranted fluctuations in basic butter quotations, said Butter Board may collect and compile from time to time full and complete information from the exchanges with respect to any trade or trades on such exchanges, including all details of any transaction or transactions thereon.
- (3) To make recommendations to the Secretary when the results of such investigation as provided in Section IV (2), in the opinion of the Butter Board, indicate that specific remedial action is necessary to stabilize butter prices and such remedial action has not been effected through cooperation with the exchanges.
- (4) To recommend and file with the Secretary weight tolerances, and minimum price differentials for the various styles and packages of butter. Such recommendation shall become effective unless the Secretary disapproves within ten days of filing.
- (5) To collect the fullest possible information and data on production and consumption of butterfat and butter for guidance of the Butter Board in performing its duties. Such information shall be disseminated so as not to disclose the production of any particular concern.
- (6) To appoint the following sub-committees, the chairman of each of which shall be a member of the Butter Board:
 - (a) Sub-committee on Procurement of Butterfat shall consist of six members; two to be chosen by the American Association Creamery Butter Manufacturers, from its membership, two to be chosen by the National Cooperative Milk Producers' Federation, from its membership, one to be chosen who is not a member of the American Association of Creamery Butter Manufacturers and not a cooperative, and one a cooperative who is not a member of the National Cooperative Milk Producers' Federation. It shall be the duty of such Sub-Committee to recommend to the National Butter Board, rules and regulations to

promote economic and orderly marketing of butterfat and improvement in the quality of cream.

- (b) Sub-committee on Marketing Butter shall consist of six members; two to be chosen by the American Association Creamery Butter Manufacturers from its membership, two chosen by the National Cooperative Milk Producers' Federation from its membership. There shall also be one member who shall be a butter distributor, not a butter manufacturer and one member who shall be a retail distributor of butter, but not a manufacturer. It shall be the duty of the Subcommittee on Marketing of Butter to recommend to the National Butter Board, rules and regulations to promote economic and orderly marketing of butter, and the stabilization of the butter market.
- (7) To cooperate with duly constituted representatives of other branches of the dairy industry and other industries, in the adoption and carrying out of such rules, regulations, practices, policies and agreements as may be necessary or advisable to effectuate the purposes of said Act.
- (8) To study ways and means of expanding markets and increasing consumption of butter, and to promulgate, such rules and regulations in connection therewith as in the opinion of the Butter Board will tend to accomplish said purpose.
- (9) To investigate promptly charges of violation of contract or marketing policies, rules and regulations. The Butter Board may call upon the Butter Manufacturers whose transactions are under investigation, to furnish a statement of facts under oath. If after investigation, including due notice and opportunity for hearing, the Butter Board is of the opinion that the charges are true, it shall then notify the member so violating the rules of its conclusions and request immediate discontinuance of such violation. If the Butter Manufacturer continues in the violation, the Butter Board shall report such violation to the Secretary of Agriculture, provided nothing herein contained shall limit the power of the Secretary of Agriculture to proceed in any manner provided by law, to correct the violation complained of.

V. Each manufacturer hereby agrees to report to the agency designated by the Butter Board his total production of butter during each of the first _____ months of 1933, and monthly thereafter for such further period as he may be party to this agreement. The reports for the first _____ months of 1933 shall be filed with the said agency within 15 days from the effective date of this agreement. Reports for subsequent months shall be filed with said agency within 15 days after end of each month. All information obtained or furnished to said agency pursuant to this paragraph shall remain the confidential information of the designated agency and shall not be

disclosed by him or them except to the Secretary on request, who shall also keep such information confidential and shall not disclose it except upon lawful demand of the President, by either House of Congress or any Committee thereof, or by any court. The Secretary, may, however, combine the information obtained from the manufacturer for the purpose of general statistical studies.

VI. Each manufacturer agrees that he will pay to a designated agency for the use of the Butter Board a share of all expenses incurred by said Board in carrying out the terms of this agreement and will make such payments on receipt of notice from such agency of his share of such expenses. His share shall be that proportion of the total production of all the manufacturers party to this agreement. Failure of any manufacturer to pay his proportion of the expenses shall be reported to the Butter Board. The Butter Board shall have the accounts of said agency audited by a certified public accountant at least yearly, such audit being available to the members of the Butter Industry.

VII. The Butter Board may appoint such sub-committee or representatives as shall in its judgment be advisable to carry out the duties and functions of said Board and the provisions of the Act.

VIII. The Butter Board may subject to the provisions of Section IV, (1), adopt from time to time general marketing policies for butter, including, among others, practices and policies which are designed to prevent frequent and violent fluctuations in the butter market and unfair competition in procurement of butterfat.

IX. The Butter Board may, subject to the provisions of Section IV, (1), promulgate from time to time rules and regulations governing unfair trade practices, such as unfair price discriminations, secret rebates and free deals and others which will tend to effectuate the purpose of the Act.

X. The Butter Manufacturers' rules "Governing the Procurement of Butterfat" and their rules "Governing Butter Sales" attached hereto, marked Schedule A and Schedule B respectively, are hereby made a part of this contract with the same binding effect as if written herein. Each manufacturer who now or hereafter becomes a party hereto agrees to carry out such rules, regulations, practices and policies, and to observe such prices, differentials and discounts as may be hereafter established from time to time hereunder, and which have not had the disapproval of the Secretary, as provided in Section IV (1).

XI. This agreement shall become effective at such time as the Secretary may declare above his signature attached hereto and shall continue in force thereafter except that ----

(1) The Secretary may and upon request of 55% of the manufacturers (such percentage to be measured by the volume of butter by weight produced during the previous months in 1933) shall be press release or other notice

as the Secretary may determine, terminate this agreement. After January 1, 1934, production for the previous year shall be used as a basis of measuring volume as provided above.

(2) The Secretary may for good cause and upon 15 days notice terminate this agreement as to any party signatory hereto by notice in writing deposited in the registered mails and addressed to such party at the address of such party on file with the Secretary.

(3) This agreement shall in any event terminate whenever the President or Congress shall terminate the provisions of the Act which authorizes this agreement.

XII. The benefits, privileges, and immunities conferred by virtue of this agreement shall cease upon its termination, except with respect to acts done prior thereto; and the benefits, privileges and immunities conferred by virtue of this agreement upon any party signatory hereto shall cease upon its termination as to such party, except with respect to acts done prior thereto.

XIII. This agreement may be executed in multiple counterparts which, when signed by the Secretary, shall constitute, taken together, one and the same instrument as if all such signatures were contained in one original.

XIV. After this agreement first takes effect any manufacturer of butter may become a party to this agreement if a counterpart thereof is executed by him and by the Secretary. The agreement shall take effect as to such manufacturer at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges, and immunities conferred by this agreement shall then be effective as to such manufacturer.

XV. The parties signatory hereto hereby apply for and consent to licensing by the Secretary of each and every individual, copartnership, association, or corporation engaged in the manufacture and/or preparation for market and marketing of butter, which said license shall be subject to all the terms conditions and provisions contained in the within marketing agreement, and not otherwise.

IN WITNESS WHEREOF, the contracting manufacturers acting under the provisions of the Agricultural Adjustment Act, for the purposes and the limitations herein contained, and not otherwise, have hereunto set their respective hands and seals.-

WHEREAS, It is provided by Section 8 of the Agricultural Adjustment Act as follows:

Section 8. In order to effectuate the declared policy, the Secretary of Agriculture shall have power --

(2) To enter into marketing agreements with processors, associations of producers, and others engaged in the handling, in the current of interstate or foreign commerce of

any agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties. The making of any such agreement shall not be held to be in violation of any of the antitrust laws of the United States, and any such agreement shall be deemed to be lawful: Provided, That no such agreement shall remain in force after the termination of this Act."

WHEREAS, Due notice and opportunity for hearing to interested parties has been given pursuant to the provisions of said Act and the Regulations issued thereunder, and

WHEREAS, It appears, after due consideration, that this is a marketing agreement between the Secretary and persons engaged in the handling of butter within the meaning of said section in the current of interstate commerce, and effectuates the declared policy of the Act.

NOW THEREFORE, I, Henry Wallace, Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act, for the purposes and within the limitations therein contained, and not otherwise, do hereby execute this agreement under my hand and the official seal of the Department of Agriculture in the City of Washington, District of Columbia, on this _____ day of 1933, and pursuant to the provisions hereof, declare this agreement to be effective on and after 12:01 A. M. Eastern Standard time, _____, 1933.

Secretary of Agriculture.

SCHEDULE A

TRADE PRACTICE RULES GOVERNING THE PROCUREMENT OF BUTTERFAT

I.

To bring about the orderly and economic marketing of Butterfat for butter making purposes, butter manufacturers may purchase butterfat only through the following agencies and/or methods:

1. Purchase of butterfat delivered direct to the manufacturer's plant by the producer.
2. Purchase of butterfat delivered direct to the manufacturer's plant by the producer via rail or truck shipments.
3. Purchase of butterfat marketed by the producer through the producer's own agent operating under the authority of contract of the butter manufacturer with whom such agent is contracted.
4. Purchase of butterfat marketed by the producer through the contracted butter manufacturer's own agent or employee.
5. Purchase of butterfat marketed by individuals, co-partnerships, associations, or corporations which churn only a portion of their purchases, marketing the balance of their cream to some other butter manufacturer. To the extent of their surplus butterfat, such individuals, co-partnerships, associations, or corporations shall operate only as agents of the butter manufacturer to whom they sell their surplus butterfat and under the authority of such butter manufacturer's contract.
6. Purchase of butterfat marketed by manufacturers or processors of other dairy products who use only a part of their milk purchases in their manufacturing operations.

II.

Butter manufacturers who shall have signed this agreement shall cease to buy the surplus of any such manufacturer or processor of other dairy commodities if, in buying such surplus, he, in the opinion of the Butter Board, fails or refuses to conform to or cooperate with the Rules Governing the Procurement of Butterfat.

III.

Any butter manufacturer coming into possession of any embossed and/or registered can belonging to another butter manufacturer shall promptly return that can direct to the owner at owner's expense.

IV.

The Butter Board shall have authority to reduce any charge or expense existing between producer and factory, for any kind of service rendered in the procurement of butterfat, when in its opinion such charge and/or expense is excessive.

V.

Where cash prices are being paid for butterfat, such prices shall at all times be truly posted. Where cash advances, figures on a per pound butterfat basis, are regularly made to producers as part payment for their butterfat, the per pound rate at which such advances are made shall, at all times, be truly posted.

VI.

Amendments or modifications of this code may be proposed from time to time on the initiative of the Butter Board or by any sub-committee, and such amendments or modifications shall become effective upon the approval of the Butter Board and the written approval of the Secretary of Agriculture.

VII.

It shall be an unfair trade practice and is hereby prohibited;

1. For a butter manufacturer to allow an agent to operate under said manufacturer's contract while said agent is under contract with another butter manufacturer.
2. For a manufacturer to enter into any agency contract for the purchase of butterfat except in the form attached hereto marked Exhibit "A" and made a part hereof.

- (a) In the event of a violation of any of the terms and provisions of said agency contract by an agent, the manufacturer with whom said agent is under contract shall promptly cancel and terminate said agency contract in case said agent does not promptly discontinue such violation or violations.

VII.(cont'd.)

2. (b) No butter manufacturer shall enter into any agency contract with any agent whose agency contract has been cancelled and terminated for violation of any of the terms and provisions of said agency contract provided that, -
Upon written request of any agent whose contract has been terminated hereunder, the Butter Board shall investigate and if in their judgement the facts warrant, the Board may in their discretion reinstate him and make him eligible to an agency contract.
3. For a manufacturer or his representative, by any means or devices whatever, to interfere with any existing contracts between another manufacturer and his employee or agent, in or about the transportation, purchase, or sale of any butterfat intended for buttermaking purposes, or to interfere with the performance of any contractual duty or service connected therewith, when such interference is for the purpose or with the effect of dissipating, destroying, or appropriating, in whole or in part, the patronage, property, or business of another engaged in the butter manufacturing business.
4. For a manufacturer, his employee or agent to repeatedly overread, under-read, or unlawfully manipulate the Babcock test (or any other test recognized by the American Association of Agricultural Chemists) in determining the amount of butterfat in milk or cream purchased for buttermaking purposes.
5. For a manufacturer, his employee, or agent to repeatedly pay for cream and/or for butterfat at more or less than the true actual weight or amount thereof.
6. The use by anyone other than the owner, or his employee or agent operating under the contract of said owner of any embossed and/or registered can, cream station equipment, or any property, employed in the purchase, shipment or sale of butterfat, intended for butter making purposes, with the purpose or effect of appropriating the patronage, property or business of another.
7. The furnishing, or lending to any producer, dealer, or shipper of butterfat for butter making purposes, of any can, cream station equipment, or other property for the purpose or the effect of influencing the shipment or sale of such butterfat to the one who lends or furnished such article or property.
8. The making, causing, or permitting to be made or published of any false or untrue statement of, or concerning the business policies or methods of a competitor.
9. The paying or rendering, directly or indirectly, to any agent or employe of a carrier, or truck line, of any consideration or reward for the purpose, or with the effect, of influencing such agent or employe to solicit patronage or divert any shipment of butterfat intended for butter making purposes, from the originally intended consignee.

VII. (cont'd.)

10. The obtaining of any information from a competitor by making any false or misleading statements or misrepresentations or by false impersonation of one in authority, or by any method of espionage.
11. The purchasing of, or offering to purchase, butterfat intended for butter making purposes by a butter manufacturer or his employe, or agent, operating under the contract of said butter manufacturer, at prices not warranted by market or trade conditions, or the paying of different prices to shippers in the same class at different points in the same territory at the same time (except differences occasioned by freight rates, and quality of the butterfat purchased, or differences made in good faith to meet competition, as distinguished from price discrimination intended to, or having the effect of destroying or appropriating in whole or part the patronage of another butter manufacturer.)
12. Where sweet and sour cream are purchased in the same locality for butter making purposes with a differential in price between them, it shall be an unfair practice to pay the sweet cream price for sour cream if such an act constitutes discrimination as between localities in the same territory on the part of the butter manufacturer paying such price. Sweet cream is hereby defined as cream free from all foreign flavors or odors and containing without neutralization not in excess of .225% (twenty-two and one-half hundredths percent.) acidity.
13. The giving, directly or indirectly, of premiums or any article of value to producers of butterfat in addition to the posted cash price for butterfat, or the payment, directly or indirectly, for butterfat with merchandise of a value higher than the posted cash price, or offering to producers merchandise at reduced prices with the intent or effect of influencing the sale of butterfat.
14. The payment of prices not warranted by market and trade conditions for any commodity other than butterfat, marketed by a producer of butterfat to induce the sale of butterfat to those paying the unwarranted price or prices.
15. The furnishing of free cream cans to producers of butterfat intended for butter making purposes.
16. The violation of any provisions of this schedule or any amendments thereto

SCHEDULE B

TRADE PRACTICE RULES GOVERNING BUTTER SALES TO RETAILERS

The following are unfair trade practices and are prohibited:

I

The giving of any secret rebate or secret concession or secret allowance (including unusual terms or discounts) either directly or indirectly.

II

The giving of any advertising allowance, except the reimbursement of the purchaser for the actual cost of advertising the seller's brand of butter.

III

The giving of a brokerage allowance, directly or indirectly, to any purchaser or his agent or employe, or to any purchasing agency or its employe.

IV

The making of a free deal or the giving of an allowance where purchase of butter is made in combination with any other product or commodity.

V

The giving of premium or coupons redeemable in money or merchandise.

VI

Guaranteeing a customer against a market decline or protecting him against a market advance.

VII

The selling, or offering for sale, of butter containing less than 80% butterfat.

VIII

The back-dating of invoices.

IX

The changing of an invoice after sale and delivery of the goods are made.

X

The selling of butter in packages other than standard as established by the Butter Board, and not disapproved by the Secretary as provided in Section IV (1) of the agreement.

XI

The selling, or offering to sell, butter labeled as sweet cream butter, which has been manufactured from cream which did not conform to the definition of sweet cream, as contained in the Code Governing the Procurement of Butterfat.

XII

The making, by butter manufacturers - wholesalers of butter of distributors of butter - to buyers who furnish their own labels, or packages, of an allowance greater than the fair cost of said labels, or packages, as established from time to time by the Butter Board.

XIII

The violation of any provisions of this schedule or any amendments thereto.

RETAIL BUTTER SALES

XIV

1. The retailing of butter below cost or below the official market price for that grade of butter, on the day sale is made, plus a fair margin for overhead.

XV

2. The retailing of butter in combination with other goods which goods are offered in the combination sale at prices below their actual cost.

Amendments or modifications of this code may be proposed from time to time on the initiative of the Butter Board or by any sub-committee, and such amendments or modifications shall become effective upon the approval of the Butter Board and unless disapproved by the Secretary as provided in Section IV (1) of the agreement.

APPENDIX

AS APPROVED IN THE NATIONAL BUTTER MARKETING
AGREEMENT EXECUTED BY THE SECRETARY OF AGRICULTURE--1933.

AGENCY CONTRACT.

Cream Buying Only

Brown Creamery Company, with its main office at _____,
_____ (hereinafter referred to as the "Company"), Contracting Plant
located at _____, operating as a
Butter Manufacturer under the license issued by the Secretary of Agriculture,
through "License for Butter-United States", hereby appoints _____,
or _____, (hereinafter referred to as "Agent"), its
special cream buying Agent at _____, for the sole
purpose of purchasing cream for the herein named "Company".

Agent hereby accepts this appointment upon the following terms and conditions:

(A) Agent agrees:

1. He will keep himself thoroughly acquainted with the terms and provisions of this contract -- including Schedules ("A") and ("B") which are attached hereto and are a part hereof. Further, he will not at any time knowingly depart from the provisions thereof.
2. He will keep an accurate and complete record of all transactions, according to the instructions of the Company, and will forward a copy of such record daily, or as directed, to the office of the Company's Plant herein above designated.
3. He will faithfully carry out all of the Company's Instructions-- relative to prices to be paid for butterfat; care of and responsibility for station equipment of all kinds, including Company's cream cans; also grading of cream, care and shipment of all cream purchased.
4. He will carry out the rules - covering various phases of cream buying - as approved by the United States Department of Agriculture, under the authority of which this contract is drawn. Such rules are contained in Schedule ("B") - attached hereto and made a part hereof.
5. He will assume all risks of accident, damage, and/or injury to person or property and will make no claim therefor against the Company.
6. He will not solicit, receive, or purchase cream, directly or indirectly, for himself nor for any other person, firm, corporation, or association, during the continuance of this agreement, or within ninety (90) days after termination thereof, in the same town in which he is purchasing under this contract, or in adjacent towns.

(B) Company agrees:

1. That agent's full compensation for all services rendered by Agent hereimunder, shall be computed according to the terms as set forth in Schedule ("A"), attached hereto and made a part hereof, which terms may be changed from time to time by the Company through written notice to the Agent, by Registered Mail.

2. To keep station equipment in good repair, as far as practicable and without cost to the Agent.

(C) Company and Agent agree:

1. This contract shall be in full force and effect from the date hereof, and may be terminated upon thirty (30) days written notice being given by Registered Mail", to the other party by either party hereto, provided that the Company may terminate this contract upon written notice to the Agent, by Registered Mail, if the Agent fails or refuses to carry out any of the rules approved by the United States Department of Agriculture, as shown in Schedule ("B") — attached hereto.

2. Nothing herein contained shall be construed as giving the Agent any license, interest or equity which can, or may be transferred, sold, or assigned to any other party in any manner whatsoever.

Executed in duplicate this _____ day of _____ 193

BROWN CREAMERY COMPANY

By

.....

SCHEDULE A

Operator's Compensation Provisions

SCHEDULE B

Rules and Regulations Governing the Procurement of Butterfat by Cream Buying Agents.

These rules and regulations have been approved by the United States Department of Agriculture.

In case the Agent fails to comply with any of the provisions of the rules and regulations hereinafter designated in this Schedule ("B"), the Secretary of Agriculture or his appointed Representative may order the Butter Manufacturer to cancel the Contract of which this Schedule ("B") is a part.

SCHEDULE A

TRADE PRACTICE RULES GOVERNING THE PROCUREMENT OF BUTTERFAT

I.

To bring about the orderly and economic marketing of Butterfat for butter making purposes, butter manufacturers may purchase butterfat only through the following agencies and/or methods:

1. Purchase of butterfat delivered direct to the manufacturer's plant by the producer.
2. Purchase of butterfat delivered direct to the manufacturer's plant by the producer via rail or truck shipments.
3. Purchase of butterfat marketed by the producer through the producer's own agent operating under the authority of contract of the butter manufacturer with whom such agent is contracted.
4. Purchase of butterfat marketed by the producer through the contracted butter manufacturer's own agent or employee.
5. Purchase of butterfat marketed by individuals, co-partnerships, associations, or corporations which churn only a portion of their purchases, marketing the balance of their cream to some other butter manufacturer. To the extent of their surplus butterfat, such individuals, co-partnerships, associations, or corporations shall operate only as agents of the butter manufacturer to whom they sell their surplus butterfat and under the authority of such butter manufacturer's contract.
6. Purchase of butterfat marketed by manufacturers or processors of other dairy products who use only a part of their milk purchases in their manufacturing operations.

II.

Butter manufacturers who shall have signed this agreement shall cease to buy the surplus of any such manufacturer or processor of other dairy commodities if, in buying such surplus, he, in the opinion of the Butter Board, fails or refuses to conform to or cooperate with the Rules Governing the Procurement of Butterfat.

III.

Any butter manufacturer coming into possession of any embossed and/or registered can belonging to another butter manufacturer shall promptly return that can direct to the owner at owner's expense.

IV.

The Butter Board shall have authority to reduce any charge or expense existing between producer and factory, for any kind of service rendered in the procurement of butterfat, when in its opinion such charge and/or expense is excessive.

V.

Where cash prices are being paid for butterfat, such prices shall at all times be truly posted. Where cash advances, figures on a per pound butterfat basis, are regularly made to producers as part payment for their butterfat, the per pound rate at which such advances are made shall, at all times, be truly posted.

VI.

Amendments or modifications of this code may be proposed from time to time on the initiative of the Butter Board or by any sub-committee, and such amendments or modifications shall become effective upon the approval of the Butter Board and the written approval of the Secretary of Agriculture.

VII.

It shall be an unfair trade practice and is hereby prohibited;

1. For a butter manufacturer to allow an agent to operate under said manufacturer's contract while said agent is under contract with another butter manufacturer.
2. For a manufacturer to enter into any agency contract for the purchase of butterfat except in the form attached hereto marked Exhibit "A" and made a part hereof.
 - (a) In the event of a violation of any of the terms and provisions of said agency contract by an agent, the manufacturer with whom said agent is under contract shall promptly cancel and terminate said agency contract in case said agent does not promptly discontinue such violation or violations.

VII.(cont'd.)

2. (b) No butter manufacturer shall enter into any agency contract with any agent whose agency contract has been cancelled and terminated for violation of any of the terms and provisions of said agency contract provided that, -
Upon written request of any agent whose contract has been terminated hereunder, the Butter Board shall investigate and if in their judgement the facts warrant, the Board may in their discretion reinstate him and make him eligible to an agency contract.
3. For a manufacturer or his representative, by any means or devices whatever, to interfere with any existing contracts between another manufacturer and his employee or agent, in or about the transportation, purchase, or sale of any butterfat intended for buttermaking purposes, or to interfere with the performance of any contractual duty or service connected therewith, when such interference is for the purpose or with the effect of dissipating, destroying, or appropriating, in whole or in part, the patronage, property, or business of another engaged in the butter manufacturing business.
4. For a manufacturer, his employee or agent to repeatedly overread, under-read, or unlawfully manipulate the Babcock test (or any other test recognized by the American Association of Agricultural Chemists) in determining the amount of butterfat in milk or cream purchased for buttermaking purposes.
5. For a manufacturer, his employee, or agent to repeatedly pay for cream and/or for butterfat at more or less than the true actual weight or amount thereof.
6. The use by anyone other than the owner, or his employee or agent operating under the contract of said owner of any embossed and/or registered can, cream station equipment, or any property, employed in the purchase, shipment or sale of butterfat, intended for butter making purposes, with the purpose or effect of appropriating the patronage, property or business of another.
7. The furnishing, or lending to any producer, dealer, or shipper of butterfat for butter making purposes, of any can, cream station equipment, or other property for the purpose or the effect of influencing the shipment or sale of such butterfat to the one who lends or furnished such article or property.
8. The making, causing, or permitting to be made or published of any false or untrue statement of, or concerning the business policies or methods of a competitor.
9. The paying or rendering, directly or indirectly, to any agent or employe of a carrier, or truck line, of any consideration or reward for the purpose, or with the effect, of influencing such agent or employe to solicit patronage or divert any shipment of butterfat intended for butter making purposes, from the originally intended consignee.

VII. (cont'd.)

10. The obtaining of any information from a competitor by making any false or misleading statements or misrepresentations or by false impersonation of one in authority, or by any method of espionage.
11. The purchasing of, or offering to purchase, butterfat intended for butter making purposes by a butter manufacturer or his employe, or agent, operating under the contract of said butter manufacturer, at prices not warranted by market or trade conditions, or the paying of different prices to shippers in the same class at different points in the same territory at the same time (except differences occasioned by freight rates, and quality of the butterfat purchased, or differences made in good faith to meet competition, as distinguished from price discrimination intended to, or having the effect of destroying or appropriating in whole or part the patronage of another butter manufacturer.)
12. Where sweet and sour cream are purchased in the same locality for butter making purposes with a differential in price between them, it shall be an unfair practice to pay the sweet cream price for sour cream if such an act constitutes discrimination as between localities in the same territory on the part of the butter manufacturer paying such price. Sweet cream is hereby defined as cream free from all foreign flavors or odors and containing without neutralization not in excess of .225% (twenty-two and one-half hundredths percent.) acidity.
13. The giving, directly or indirectly, of premiums or any article of value to producers of butterfat in addition to the posted cash price for butterfat, or the payment, directly or indirectly, for butterfat with merchandise of a value higher than the posted cash price, or offering to producers merchandise at reduced prices with the intent or effect of influencing the sale of butterfat.
14. The payment of prices not warranted by market and trade conditions for any commodity other than butterfat, marketed by a producer of butterfat to induce the sale of butterfat to those paying the unwarranted price or prices.
15. The furnishing of free cream cans to producers of butterfat intended for butter making purposes.
16. The violation of any provisions of this schedule or any amendments thereto,

